

Financial Statements of AvanStrate Korea Inc.

19th fiscal year
From April 1, 2020
To March 31, 2021

18th fiscal year
From April 1, 2019
To March 31, 2020

"Financial statement attached hereto has been made by our company."
AvanStrate Korea Inc.
MingHsun Wu, Representative Director AvanStrate Korea Inc.

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Statement of financial position

19th fiscal year as of March 31, 2021
18th fiscal year as of March 31, 2020

AvanStrate Korea Inc.

(Unit: won)

Title	19th fiscal year		18th fiscal year	
Asset				
I. Current assets		12,320,895,956		6,972,159,473
(1) Quick assets		8,315,602,151		2,743,534,955
1. Cash and cash equivalents	1,209,721,233		425,291,714	
2. Trade and other receivables <Footnote 12>	4,571,680,366		661,210,176	
Allowance for bad debts	(45,716,804)		(6,612,102)	
3. Account Receivable <Footnote 12>	439,034,791		367,242,196	
4. Advanced payment	2,054,145,129		1,187,861,704	
5. Prepaid expenses	86,627,786		106,700,637	
6. Current corporate tax asset	109,650		1,840,630	
(2) Inventory asset <Footnote 7>		4,005,293,805		4,228,624,518
1. Products	963,888,919		37,935,432	
Allowance for loss from valuation	(400,134,809)		(37,935,432)	
2. Raw materials	483,079,513		627,835,798	
Allowance for loss from valuation	(177,220,278)		(177,220,278)	
3. Work in process	4,178,703,609		4,347,816,564	
Allowance for loss from valuation	(1,573,318,075)		(1,211,230,345)	
4. Stored goods	491,518,921		641,422,779	
5. Goods in transit	38,776,005		-	
II. Non-current assets		61,021,481,209		58,082,381,120
(1) Investment asset		2,000,000		2,000,000
1. Long-term financial instruments <Footnote	2,000,000		2,000,000	
(2) Tangible assets		60,660,422,919		57,691,322,830
1. Building	121,234,220,129		121,234,220,129	
Accumulative depreciation	(42,878,660,640)		(42,878,660,640)	
Accumulative impairment loss	(78,355,559,489)		(78,355,559,489)	
2. Structure	15,836,652,195		15,836,652,195	
Accumulative depreciation	(15,567,684,768)		(15,567,684,768)	
Accumulative impairment loss	(268,967,427)		(268,967,427)	
3. Machine devices	239,645,783,227		227,062,154,737	
Accumulative depreciation	(127,949,033,112)		(124,757,730,434)	
Accumulative impairment loss	(54,566,482,903)		(47,612,355,155)	
4. Vehicles & Transport Equipment	26,200,000		26,200,000	

Accumulative depreciation	(26,200,000)		(26,200,000)
5. Equipment	16,155,028,925		12,772,978,925
Accumulative depreciation	(12,295,760,451)		(11,944,604,871)
Accumulative impairment loss	(1,639,896,675)		(765,328,702)
6. Asset under construction	40,279,341,485		49,733,461,628
Accumulative impairment loss	(38,968,557,577)		(46,797,253,298)
(3) Other non-liquid asset		359,058,290	389,058,290
1. Deposit for lease	310,098,290		340,098,290
2. Other deposit	48,960,000		48,960,000
Total assets		73,342,377,165	65,054,540,593
Liabilities			
I. Current liability		246,376,424,871	239,128,102,614
1. Trade payables and other payables	295,613,995		1,683,000
2. Account payable <Footnote 12>	2,867,841,518		2,580,830,881
3. Accrued charges <Footnote 12>	71,894,150,898		72,927,098,273
4. Advance received	5,302,290,460		5,302,290,460
5. Short-term debt <Footnotes 8, 12>	132,114,638,000		120,998,810,000
6. Long-term current liabilities <Footnotes 9,	33,901,890,000		37,317,390,000
II. Non-current liabilities		127,751,082,827	140,621,569,498
1. Long-term loan <Footnotes 9, 12>	127,751,082,827		140,621,569,498
Total liabilities		374,127,507,698	379,749,672,112
Capital			
I. Capital <Footnote 1, 10>		148,577,200,000	148,577,200,000
1. Common share capital	148,577,200,000		148,577,200,000
II. Capital adjustment		(607,049,560)	(607,049,560)
1. Difference from share discount issuance	(607,049,560)		(607,049,560)
III. Deficit		448,755,280,973	462,665,281,959
1. Unappropriated deficit <Footnote 11>	(448,755,280,973)		(462,665,281,959)
Total capital		(300,785,130,533)	(314,695,131,519)
Total liabilities and capital		73,342,377,165	65,054,540,593

“Footnotes attached hereto are the part of this financial statement”

Income statement

19th fiscal year From April 1, 2020 to March 31, 2021

18th fiscal year From April 1, 2019 to March 31, 2020

AvanStrate Korea Inc.

(Unit: won)

Title	19th fiscal year	18th fiscal year	18th fiscal year
I. Amount of sales <Footnote 12>		12,050,401,472	3,111,489,282
1. Sales of products	12,046,302,509		3,111,489,282
2. Sales of goods	4,098,963		-
II. Cost of sales <Footnotes 12, 17>		25,023,322,636	24,662,530,333
1. Sales cost of products	25,019,692,990		24,662,530,333
A. Opening product inventory	-		-
B. Current-term production cost	25,221,359,370		21,864,454,449
C. Substitution from other account	362,087,730		2,798,075,884
D. Closing product inventory	(563,754,110)		-
2. Sales cost of goods	3,629,646		-
A. Opening goods inventory	-		-
B. Current-term purchases	3,629,646		-
C. Substitution from other account	-		-
D. Closing goods inventory	-		-
III. Total sales loss		12,972,921,164	21,551,041,051
IV. Selling & administrative expenses		3,260,266,913	5,292,946,486
1. Salaries & Wages <Footnote 17>	492,014,660		533,094,579
2. Severance pay <Footnote 17>	47,029,594		32,286,575
3. Employee benefits <Footnote 17>	94,724,613		121,846,271
4. Traveling expenses	112,531,699		220,585,354
5. Entertainment expenses	23,109,124		40,427,489
6. Communication expenses	15,574,675		17,251,674
7. Utilities	84,543,549		103,664,163
8. Depreciation expenses	33,872,940		62,664,854
9. Rent expenses	204,600,442		95,103,240
10. Taxes and dues	17,298,926		25,551,789
11. Insurance expenses	157,000		294,195
12. Vehicle expenses	557,358,394		187,023,449
13. Education and training	3,010,000		13,659,836
14. Vehicles & Transport Equipment expenses	27,205,151		45,637,326
15. Payment fee	700,603,684		653,019,517
16. Bad debt expenses (reversal)	39,104,702		(79,665,843)
17. Labor expenses	86,697,065		101,103,016
18. Recruitment fee	102,850,550		44,325,392
19. Lease	4,231,700		4,874,599
20. Personal dispatch fee	133,422,101		199,192,575
21. Security guard fee	97,307,000		94,488,000
22. Repairs expenses	261,000		8,673,000
23. Test and research expenses <Footnote 17>	-		2,767,845,436
24. Product compensation cost	202,108,017		-
25. Royalties <Footnote 12, 16>	180,650,327		-
V. Operating loss		16,233,188,077	26,843,987,537
VI. Non-operating income		36,090,103,836	966,018,823
1. Interest income	720,655		11,905,133
2. Foreign exchange income	60,044,466		688,889,932
3. Foreign currency translation gain	35,815,545,112		39,468,727
4. Income from disposed tangible asset	8,376,285		-
5. Miscellaneous income	205,417,318		225,755,031
VII. Non-operating expenses		5,946,914,773	47,640,102,585
1. Interest expenses <Footnote 12, 18>	5,506,785,979		3,835,924,829
2. Foreign exchange loss	325,403,052		248,553,265
3. Foreign currency translation loss	95,084,428		32,458,796,156
4. Impairment loss of tangible asset	-		11,096,727,451

5. Miscellaneous loss	19,641,314		100,884	
VIII. Net gain (loss) before deduction of corporate tax expenses		13,910,000,986		(73,518,071,299)
IX. Corporate tax expenses (Footnote 13)		-		-
X. Current net gain (loss) (footnote No.18,24,25)		13,910,000,986		(73,518,071,299)
XI. Basic net profit (loss)per share				
Basic Net loss per share		468		(2,474)

“Footnotes attached hereto are the part of this financial statement”

Statement of changes in equity

19th fiscal year From April 1, 2020 to March 31, 2021
18th fiscal year From April 1, 2019 to March 31, 2020

AvanStrate Korea Inc.

(Unit: won)

Title	Capital	Capital adjustment	Retained Earnings	Total
April 1, 2019(Reported amount)	148,577,200,000	(607,049,560)	(389,147,210,660)	(241,177,060,220)
Current net loss	-	-	(73,518,071,299)	(73,518,071,299)
March. 31, 2020	148,577,200,000	(607,049,560)	(462,665,281,959)	(314,695,131,519)
April 1, 2020(Reported amount)	148,577,200,000	(607,049,560)	(462,665,281,959)	(314,695,131,519)
Current net profit	-	-	13,910,000,986	13,910,000,986
March. 31, 2021	148,577,200,000	(607,049,560)	(448,755,280,973)	(300,785,130,533)

“Footnotes attached hereto are the part of this financial statement”

Cash flow statement

19th fiscal year From April 1, 2020 to March 31, 2021

18th fiscal year From April 1, 2019 to March 31, 2020

AvanStrate Korea Inc.

(Unit: won)

Title	19th fiscal year		18 th fiscal year	
I. Cash flow from operations		(13,465,557,957)		(13,567,096,778)
1. Current-term net profit (loss)	13,910,000,986		(73,518,071,299)	
2. Expenses without cash inflows and outflows	6,769,293,456		51,379,613,325	
Bad debt expenses	39,104,702		-	
Depreciation cost	5,872,881,787		6,832,322,949	
Foreign exchange loss	95,084,428		32,454,815,771	
Impairment loss of tangible assets	-		11,096,727,451	
Other costs (production)	762,222,539		995,747,154	
3. Deduction of profits without cash inflows and outflows	(35,823,921,397)		(119,134,570)	
Bad debt expenses	-		79,665,843	
Foreign exchange loss	35,815,545,112		39,468,727	
Profit from tangible asset disposition	8,376,285		-	
4. Changes of asset and debt from operation	1,679,068,998		8,690,495,766	
Decrease (increase) of trade receivables	(3,994,283,584)		7,997,101,867	
Decrease (increase) of account receivables	(81,215,040)		129,832,519	
Increase of Advance payments	(866,283,425)		(797,993,658)	
Decrease of prepaid expenses	20,072,851		38,265,883	
Decrease (increase) of current-term corporate tax assets	1,730,980		(182,530)	
Decrease (increase) of inventory assets	(538,891,826)		(1,887,652,049)	
Decrease (increase) of account payable s	294,875,600		(114,390,431)	
Decrease (increase) of pay arrears	976,320,447		(165,161,479)	
Increase of accrued payables	5,866,742,995		3,514,705,310	
Decrease of deposit received	-		(24,029,666)	
II. Cash flows from investment activities		(9,485,287,024)		(5,741,945,615)
1. Cash inflows from investment activities	56,000,000		17,500,000	
Disposition of equipment	11,200,000		-	
Decrease of lease deposit	44,800,000		17,500,000	
2. Amount of cash outflows from investment activities	(9,541,287,024)		(5,759,445,615)	
Acquisition of Machinery	5,393,478,468		84,773,440	
Acquisition of equipment	2,196,973,000		94,754,030	
Increase of assets under construction	1,936,035,556		5,547,918,145	
Increase of lease deposit	14,800,000		32,000,000	

III. Cash flows from financial activities		23,735,274,500		17,404,045,000
1. Amount of cash inflows from financial activities	23,735,274,500		17,404,045,000	
Borrowings of short-term loan	23,735,274,500		17,404,045,000	
2. Amount of cash outflows from financial activities		-		-
IV. Increase (Decrease) of cash (I+II+III)		784,429,519		(1,904,997,393)
V. Cash amount at the beginning of fiscal year		425,291,714		2,330,289,107
VI. Cash amount at the end of fiscal year		1,209,721,233		425,291,714

“Footnotes attached hereto are the part of this financial statement”

Footnotes of Financial statement

19th fiscal year From April 1, 2020 to March 31, 2021

18th fiscal year From April 1, 2019 to March 31, 2020

AvanStrate Korea Inc.

1. Company overview

AvanStrate Korea Inc. (the “**Company**”), a foreign investment corporate entity which was established on November 28, 2002, is mainly engaged in the business of development, manufacture, processing, and sales of glass plate for liquid crystals. The capital as of the end of current term is 148,577.2 million won and AvanStrate Inc., a Japanese company, owns 100% of equity interest in the Company.

2. Significant Accounting Policy

Financial statement of this Company was prepared in accordance with general corporate accounting standard of the Republic of Korea and its important accounting treatment policy is as follows:

(1) Changes in accounting policy and matters subject to public notice

The Company applies revised matters of annual improvement (2019) of general corporate accounting standard to be executed from current term.

(2) Recognition of profit

The Company recognizes a profit at the time when significant risk and benefit are transferred due to ownership of goods for the sales of products and goods. For other profits, the Company recognizes them at the time when: profit gaining process is completed; profit amount can be measured credibly; and the possibility of inflow of economic benefit is very high.

(3) Cashable assets

The Company classifies as cashable assets the negotiable securities and short-term financial instruments when: they are easily converted into cash without great transactional cost; their value change from changes in interest rate is not significant; and the maturity (or repayment date) will come within 3 months as of their acquisition.

(4) Financial assets

The Company classifies fixed deposit and installment savings in financial instruments which are owned for short-term fund operation or the maturity of which comes within one year and classifies as long-term financial instruments any financial instruments which do not belong to liquid assets.

(5) Allowance for bad debt

The Company establishes an allowance for bad debt for assumed amount of bad debt based on individual analysis on possibility of collection of balance of trade receivables, loan and account receivables as of the end of report period and the rate of past bad debt experience.

(6) Inventory assets

The Company assesses inventory assets with acquisition cost calculated in total average method (for

goods to arrive, item-by-item method) and calculates their quantity and amount in year-round continuous timing. The Company adjusts the record of them by conducting actual inventory investigation at the time of settlement of account period of each fiscal year.

However, in cases where the market price of inventory asset drops less than its acquisition cost, the market price is to be the book value and, if the decreased market price rises more than the book value, the Company reverses the loss from valuation not exceeding its initial book value.

(7) Negotiable securities

The Company classifies a negotiable instrument as: short-term trading security which is actively and frequently sold and purchased mainly for short-term trading profits; held-to-maturity if its payment due, as a debt security, has been decided or is decidable and the company has active intent and capacity to preserve until payment due; and available-for-sale when it cannot be classified either short-term trading securities or held-to-maturity.

The Company adds and deducts securities held-to-maturity to and from acquisition cost and interest profit after amortizing the difference between acquisition cost and expired face value in effective interest method over the repayment period. The Company counts up this amortized cost as the value in the statement of financial condition.

Short-term trading securities and available-for-sale are appraised by fair value. The fair value of marketable securities is market price and market price is the closing price as of the last day of report period. However, if the fair value of unmarketable equity securities among available-for-sale cannot be credibly estimated, it is estimated as an acquisition cost. Unrealized holding gains and losses incurred from fair value appraisal regarding short-term trading securities is treated as current term profit or loss and unrealized holding gains and losses regarding available-for-sale is treated as loss and profit from valuation of available-for-sale (other inclusive accumulative loss and profit).. Accumulated amount of appraisal profit or loss regarding relevant negotiable securities is collectively treated as current term profit or loss as of the time when they are disposed or their asset impairment losses are recognized.

If the estimated amount which may be collected from negotiable securities is less than after-depreciation cost of debt securities or the acquisition costs and when evident counterevidence exists that impairment loss is not necessary, the Company assumes the possible amount which may be collected, recognizes the impairment loss and reflects it to the loss and profits of current term.

(8) Valuation and depreciation method of tangible assets

For tangible assets, the Company calculates their acquisition costs (for in-kind investment, gift and other assets acquired free of charge, this means their fair value) as with purchase cost, production cost, and the expenses directly related to preparation of them for arriving and reaching to the place and condition necessary for operating them in the way desired by the executives of the Company.

In addition, the Company recognizes them as capital expenses when the expenses after acquisition or completion of tangible assets satisfy the conditions of recognition of tangible asset and, otherwise, recognizes them as the costs for the period of accrual.

Meanwhile, the depreciation cost of tangible assets are counted up by applying the straight-line depreciation based on the following durable years:

Items	Durable years
Building	40 years
Structure	4 years
Machinery and equipment	2~6 years
Vehicles & Transport Equipment	4 years
Fixture and Furniture	4 years

(9) Impairment loss of assets

If the collectable amount of investment and tangible assets other than the assets valued in fair value is significantly less than their book value due to obsolescence, physical damage and rapid decrease of market value, the Company reflects the shortfall in periodical loss and profit as the title of impairment loss of assets.

Meanwhile, if the collectable amount of the assets the impairment loss of which was recognized exceeds their book value, the Company recognizes a reversal of impairment loss in amount not exceeding the balance after amortization of the book value prior to recognition of such impairment loss of those assets.

(10) Severance pay

The Company maintained defined benefit plan up to 12/31/2014 but have operated defined contribution plan since 01/01/2015.

The Company's obligation to pay the contribution to defined contribution plan is recognized as current term loss and profit as severance pay except the cases where it belongs to the production cost of assets on the relevant payment date. For any shortfall contribution, the Company recognizes the shortfalls as a liability and, for any overpaid contribution, the Company either decreases payment to be paid in the future or recognizes it as an asset in amount of cash to be deducted.

Meanwhile, the amount which the Company recognizes as costs in terms of defined contribution plan during current and previous term are 363,318,000 won and 425,431,000 won, respectively.

(11) Allowance debt and contingent debt

The Company counts up a debt as an allowance debt when: as current liability for the debt exists as a result of previous incident or transactions, among the debts whose spending period or amount is uncertain; there is a high possibility that resources are spent for performing that obligation; and the amount to be spent for performing that obligation is credibly estimated. In addition, if the difference between nominal value and present value of allowable debt is important, a debt is valued in present value of expected expenses for performing the obligation.

In addition, the Company writes down a debt as contingent debt in the footnote when: current liability for the debt exists as a result of previous incident or transactions but either there is not a high possibility that resources are spent for performing that obligation or the amount to be spent for performing that obligation is not credibly estimated even though such possibility is high.

Meanwhile, the Company writes down in the footnote the details of any payment guarantee or other similar guarantee which has been provided to others even if it is not likely that resources are spent for performing that obligation which exists as a result of previous incident or transactions, and

important and pending suit.

(12) Deferred corporate taxes

For temporary differences between book value and tax value of asset and liabilities, the Company recognizes the asset and liabilities from deferred corporate tax. The asset and liabilities from deferred corporate tax are measured with the amount of corporate taxes to be deducted or additionally added in the future due to extinction of temporary differences in the future. The effect of corporate tax of temporary difference is reflected in the corporate tax costs for the period when it is incurred and such effect related to the item directly reflected in capital item is directly reflected in relevant capital item.

The Company recognizes any asset from deferred corporate tax as an asset by reexamining its realizability on the last day of each report period when the occurrence of tax income is almost certain in the future and it is likely that the saving effect of corporate tax of the asset from deferred corporate tax will be realized. For carried forward tax credit and tax exemption, the Company recognizes an asset from deferred corporate tax not exceeding tax income which is almost certainly accrued in the future period when carried forward credit can be utilized.

The asset and liabilities from deferred corporate tax are classified into liquid asset (floating liability) or other non-liquid asset (non-floating liability) based on the classification in the statement of financial condition for relevant asset and liability items. The Company sets off and indicates the asset and liabilities from deferred corporate tax related to the same taxation authority, respectively.

(13) Translation of foreign currency asset and foreign currency liability

The Company translates cashable foreign currency asset and foreign currency liability at the closing exchange rate as of the end of report period (1,0277.33 won per 100 JP ¥ for the end of current term, 1,130.83 won per 100 JP ¥ for the end of previous term: 1,133.5 won per 1 US\$ for the end of current term, 1,222.6 won per 1 US\$ for the end of previous term) and reflects difference from such translation accrued into the loss and profit of current term.

Meanwhile, for non-cashable foreign currency items to be measured by historical costs and fair value, the Company recognizes it by applying the exchange rate on the date of transaction date and the exchange rate on the date when the fair value is determined, respectively.

(14) Accounting treatment of lease transaction

For lease transactions, the Company classifies as financial lease when most of risks and compensation from the ownership of lease asset is transferred and, otherwise, the Company classifies them as operational lease.

For operational lease, the Company recognizes the minimum lease excluding balance of deposit as a cost for operational lease payment in amount equally distributed over the lease period. For financial lease, the Company recognizes it as the asset and liability of financial lease in amount lesser of present value of minimum lease payment discounted internal interest and fair value of lease asset. Financial lease asset is depreciated in the same way of other similar assets owned by the Company and the Company distributes and treats the minimum lease payment of each term with interest costs calculated in effective interest method and repaid amount of lease liabilities.

(15) Greenhouse gas emission and emission liabilities

The Company is allotted free of charge the permissible quantity of greenhouse gas emission to be assigned to individual companies discharging greenhouse gas emission not exceeding total permissible quantity of GEE as prescribed in the 'Act on Allotment and Trade of greenhouse gas emission'. The greenhouse gas emission is given each year for the planned period and the Company shall submit the same number of greenhouse gas emission equivalent to actual emission quantity.

The Company measures and recognizes the emission right allotted free of charge from the government (the "Free Allotted Emission Right") as zero. The Company measures and recognizes purchased emission right as production costs.

In addition, the emission right is to be removed from the statement of financial condition when it is submitted or sold to the government. If any Free Allotted Emission Right, which is decided to be left over after submission to the government, is sold, the Company deducts the disposition loss and profit from emission costs and, if purchased emission right is sold, the Company classifies it as non-operating loss and profit. If the Free Allotted Emission Right is sold in the condition that the greenhouse gas emission is reduced or not compared to the allotted quantity, the Company recognizes the difference between book value and net sales consideration as deferred profit and sets off this profit with the emission cost under systematic standards over the performance year to which the sold emission right belongs.

Emission liability is recognized only when actual emission quantity exceeds the allotted emission right and the emission cost is recognized as operating cost. Emission liability is measured by adding the following ① and ②:

① Book value of emission right owned for the relevant performance year to be submitted to the government; and

② Estimated best value as of the last date of report period for the expenses to be consumed for performing relevant obligations for the emission quantity exceeding the emission right quantity as described in ① above

If any part of Free Allotted Emission Right is borrowed in order to perform the obligation to submit emission right for the relevant performance year, the Company recognizes as deferred profits the amount of emission liability for such part of borrowing while removing emission liability and such deferred profit is set off from the emission costs for the performance year when the deficient emission right due to such borrowing is to be purchased and used.

(16) Basic loss and profit per share

The basic loss and profit per share of the Company is based on net loss and profit for current term for a single common share and calculated by net loss and profit for current term multiplied by weighted average of the number of negotiable common shares.

3. Ground for judgment of important accounting policy and information of important assumption and uncertainty in measurement for the future

In preparing the financial statement, the executives of the Company must make a judgment, assumption and presumption which may have an impact on footnote public notice on book value of profit, cost, asset and liability and contingent liability. However, the uncertainty of these assumption and presumption may cause an important adjustment on the book value of the asset and liability which may be influenced.

4. Deposit with limited use

The details of deposit the use of which is limited are as follows:

(Unit: 1,000 won)

Title of account	Financial institutions	Current term	Previous term	Contents of limit on use
Long-term financial instruments	Woori Bank	2,000	2,000	Deposit for opening current account

5. Available-for-sale (Negotiable securities)

The entire of Available-for-sale (Negotiable securities) owned by the Company as of the last day of report period are non-marketable equity securities and the details are as follows:

<Current term>

(Unit: 1,000

won)

Company Name	Number of Shares	Type of shares	Fair value	Book amount	Unrealized holding gain/loss	Impairment Loss	
						Before current term	Current term
Eva Precision Coating Ltd.	81,026	Redeemable preferred share	-	-	-	40,513	-

<Previous term>

(Unit: 1,000

won)

Company Name	Number of Shares	Type of shares	Fair value	Book amount	Unrealized holding gain/loss	Impairment Loss	
						Before current term	Current term
Eva Precision Coating Ltd.	81,026	Redeemable preferred share	-	-	-	40,513	-

6. Tangible Assets

Book cost change details of the company tangible assets is as following:

< Current term>

(Unit: 1,000 won)

Title	Base	Acquisition	Disposal	Depreciation cost	Substitution	End term
Machine	54,692,069	5,393,478	-	(5,513,350)	2,558,070	57,130,267
Equipment	63,046	2,196,973	(2,824)	(359,532)	321,709	2,219,372
Asset under construction	2,936,208	1,254,355	-	-	(2,879,779)	1,310,783
Total	57,691,323	8,844,805	(2,824)	(5,872,882)	-	60,660,422

(Note) As of the end of the current term, the Company has provided the machinery in amount of KRW 51,287,355,000 won to AvanStrate Inc. as collateral in relation to AvanStrate Inc.'s debt of 12.4 billion yen owed to Cairn India Holdings Limited.

<Previous term>

(Unit: 1,000 won)

Title	Base	Acquisition	Disposal	Depreciation cost	Substitution	End term
Machine (Note)	63,768,279	84,774	(6,230,416)	12,669	(2,943,237)	54,692,069
Equipment	741,589	94,754	(601,907)	-	(171,390)	63,046
Asset under construction	4,198,058	6,732,920	-	(12,669)	(7,982,101)	2,936,207
Total	68,707,926	6,913,047	(6,832,323)	-	(11,096,728)	57,691,322

(Note) As of the end of the current term, the Company has provided the machinery in amount of KRW 53,609,402,000 won to AvanStrate Inc. as collateral in relation to AvanStrate Inc.'s debt of 12.4 billion yen owed to Cairn India Holdings Limited

7. Insurance assets

The details of insurance taken out by the Company for inventory asset and tangible asset as of the end of current term are as follows:

<Current term>

(Unit: 1,000 won)

Insurance Type	Insurance company	Covered Assets	Covered amount
Comprehensive insurance	Hyundai Marine & Fire Insurance Co., Ltd.	Building	148,193,543
		Structure	19,203,276
		Machine	70,156,214
		Fixture & Equipment	2,555,414
		Inventory Assets	1,000,000
Total			241,108,447

8. Short-term loan

The details of short-term loan as of the last date of report period are as follows:

< Current term >

(Foreign currency: 1,000 JPY、 KRW: 1,000 won)

Type	Lender	Interest rate (%)	Foreign currency	Amount converted into KRW
Operating funds	AvanStrate Inc.	TIBOR+1.8	12,860,000	132,114,638

<Previous term >

(Foreign currency: 1,000 JPY、 KRW: 1,000 won)

Type	Lender	Interest rate (%)	Foreign currency	Amount converted into KRW
Operating funds	AvanStrate Inc.	TIBOR+1.8	10,700,000	120,998,810

9. Long-term Loans

(1) The details of short-term loan as of the last date of report period are as follows:

< Current term >

(Foreign currency: 1,000 JPY、 KRW: 1,000 won)

Type	Lender	Interest rate (%)	Foreign currency	Amount converted into KRW	Repayment method
Equipment Funds	AvanStrate Inc.	TIBOR+3.0	2,800,000	28,765,240	Bullet repayment
			500,000	5,136,650	
	Cairn India Holdings Limited	TIBOR+0.5	12,435,253	127,751,083	Installment payment of principal
Total			15,735,253	161,652,973	
Deduction: Liquidity substitution			(3,300,000)	(33,901,890)	
Long-term Loans			12,435,253	127,751,083	

< Previous term >

(Foreign currency: 1,000 JPY、 KRW: 1,000 won)

Type	Lender	Interest rate (%)	Foreign currency	Amount converted into KRW	Repayment method
Equipment Funds	AvanStrate Inc.	TIBOR+3.0	2,800,000	31,663,240	Bullet repayment
			500,000	5,654,150	
	Cairn India Holdings Limited	TIBOR+0.5	12,435,253	140,621,569	Installment payment of principal

Total	15,735,253	177,938,959
Deduction: Liquidity substitution	(3,300,000)	(37,317,390)
Long-term Loans	12,435,253	140,621,569

(2) Repayment amount of long-term loans at the end of current term by years is as follows:

(Foreign currency: 1,000 JPY、 KRW: 1,000 won)

Period	Amount of foreign currency	Amount converted into KRW
From 04/01/2021 to 03/31/2022	3,300,000	33,901,890
From 04/01/2022 to 03/31/2026	8,953,382	91,980,778
After 04/01/2026	3,481,871	35,770,305
Total	15,735,253	161,652,973

10. Capital

As of the end day of report period, total number of stocks to be issued by the Company, the number of stocks issued, and the face value per stock are 30,000,000 shares, 29,715,440 shares and 5,000 won, respectively, and there is no changes in the capital during Current term and Previous term.

11. Statement of disposition of deficit

The details of Statement of disposition of deficit for current and previous term are as follows:

Statement of disposition of deficit
19th fiscal year from 04/01/2020 to 03/31/2021
18th fiscal year from 04/01/2019 to 03/31/2020

(Unit: won)

Title	Current term		Previous term	
	Expected disposition date: 06/25/2021		Final disposition date: 06/29/2020	
I. Unappropriated Deficit		448,755,280,973		462,665,281,959
1. Unappropriated deficit carried forward from previous term	(462,665,281,959)		(389,147,210,660)	
2. Net profit (loss) of current term	13,910,000,986		(73,518,071,299)	
II. Amount of disposed deficit		-		-
III. Unappropriated Deficit to be carried forward to following term		448,755,280,973		462,665,281,959

12. Related parties

(1) Controlling companies as related party with the Company as of the end of current term are as follows:

Name of company	Controlling company	Relationship with the Company
Volcan Investments Limited	-	Ultimate controlling company
Cairn India Holdings Limited	Volcan Investments Limited	Senior controlling company
AvanStrate Inc.	Cairn India Holdings Limited	Controlling company

(2) The details of transactions with related party with the Company are as follows:

(Unit: 1,000 won)

Related Party	Transaction details	Current term	Previous term
Senior controlling company:			
Cairn India Holdings Limited	Purchase transaction, etc.	779,621	772,308
Controlling company:			
AvanStrate Inc.	Purchase transaction, etc.	3,776,753	3,116,185
	Sales transaction, etc.	169,333	145,705
	Fund borrowing	23,735,275	17,404,045
Other related parties:			
AvanStrate Taiwan Inc.	Sales transaction, etc.	2,557,504	3,109,209
	Purchase transaction, etc.	1,640,718	48,249

(3) The balance of claims and liabilities to related party as of the last date of report period is as follows:

(Unit: 1,000 won)

Related parties	Title	Current term	Previous term
Senior controlling company:			
Cairn India Holdings Limited	Accrued charges	2,129,398	1,537,846
	Long-term borrowings	127,751,083	140,621,569
Controlling company:			
AvanStrate Inc.	Uncollected amount	1,027	1,186
	Account payables	58,297	41,357
	Accrued charges	67,044,962	70,097,005
	Short-term borrowings	132,114,638	120,998,810
	Liquid long-term debt	33,901,890	37,317,390
Other related party:			

AvanStrate Taiwan Inc.	Account receivables	1,452,679	661,210
	Uncollected amount	543	-
	Purchase liabilities	81,056	-
	Amount payables	215,664	69,406
	Accrued charges	1,195,618	-

(4) As of the end of current term, the Company provides payment guarantees and securities to AvanStrate Inc. in terms of 12.4 billion yen of loan owed to Cairn India Holdings Limited.

13. Corporate tax expenses and Deferred corporate tax assets (Liabilities)

(1) The details of calculation of corporate tax expenses reflected to Current term and Previous term is as follows:

(Unit: 1,000 won)

	Current term	Previous term
Corporate tax of current term	-	-
Amount of changes in deferred corporate tax due to temporary difference	-	-
Corporate tax expenses	-	-

(2) The relation between the net profit and loss before deduction of corporate tax expenses and corporate tax costs during the Current term and the Previous term is as follows:

(Unit: 1,000 won)

	Current term	Previous term
Net loss before deduction corporate tax expenses	13,910,001	(73,518,071)
Corporate tax at applying tax rate (Current term: 11%, 22%, Previous term: 22%)	3,038,200	(16,173,976)
Adjustment		
- Non-deductible cost	924,200	821,745
- Effect of unrealized deferred corporate tax out of accrued temporary difference	(3,984,400)	15,516,306
- Others (including tax rate difference)	22,000	(164,795)
Effective tax rate (corporate tax expenses)	-	-
Valid tax rates (corporate tax expenses ÷ Net profit and loss before deduction of corporate tax expenses)	0	(*)

(*) The effective tax rate is not calculated because the net loss before deduction of corporate tax expenses occurred.

(3) The details of temporary difference and increase and decrease of deferred corporate tax asset (liability) of the Company for current and previous term and the details of increase and decrease of deferred corporate tax asset (liability) based on total amount before setting off are as follows:

<Current term>

(Unit: 1,000 won)

	Base	Adjustment	Increase	Decrease	End of term
Including temporary difference to be deducted:					
Depreciation cost	40,257,729	-	-	11,968,868	28,288,861
Foreign Currency Translation Loss	-	-	95,084	-	95,084

Tax & Utility fee	1,757	-	-	-	1,757
Accrued charges	934,680	-	80,145	99,072	915,753
Long-term Loan (Foreign currency)	1,554,340	-	-	-	1,554,340
Bad debt	40,513	-	-	-	40,513
Allowance for Inventory Assets valuation	1,426,386	-	2,150,673	1,426,386	2,150,673
Impairment loss of tangible asset	49,911,880	-	-	-	49,911,880
Capital expenditure	179,540	-	-	-	179,540
Usage fee	26,750,299	-	-	-	26,750,299
Tax deficits	302,040,135	(2,477,036)	28,873,059	53,898,588	274,537,570
Total	423,097,259	(2,477,036)	31,198,961	67,392,914	384,426,268
Temporary difference to be added:					
Foreign Currency Translation Gain	-	-	-	35,815,545	(35,815,545)
Accrued charges (Foreign currency)	(504,162)	-	-	-	(504,162)
Total	(504,162)	-	-	35,815,545	(36,319,707)
Total deduction	422,593,097	(2,477,036)	31,198,961	103,208,459	348,106,561
Total Deferred corporate tax assets	92,970,481				76,583,443
Non-recognized deferred corporate tax assets	92,970,481				76,583,443
Net deferred corporate assets	-				-

<Previous term>

(Unit: 1,000 won)

Type	Base	Adjustment	Increase	Decrease	End of term
Deducting temporary difference:					
Depreciation cost	46,307,797	2,477,036	679,748	9,206,852	40,257,729
Tax & Utility fee	1,757	-	-	-	1,757
Bonus	143,361	-	-	143,361	-
Accrued charges	936,752	-	99,072	101,144	934,680
Long-term Loans (Foreign currency)	1,554,340	-	-	-	1,554,340
Bad debit	40,513	-	-	-	40,513
Allowance for Inventory Assets valuation	430,639	-	995,747	-	1,426,386
Impairment loss of tangible asset	38,815,153	-	11,096,727	-	49,911,880
Capital expenditure	179,540	-	-	-	179,540
Usage fee	26,750,299	-	-	-	26,750,299
Tax deficits	237,408,446	-	66,359,660	1,731,241	302,040,135
Total	352,568,597	2,477,036	79,230,954	11,182,598	423,097,259

Temporary difference to be added:					
Accrued Expenses (Foreign currency)	(504,162)	-	-	-	(504,162)
Total	(504,162)	-	-	-	(504,162)
Total deduction	352,064,435	2,477,036	79,230,954	11,182,598	422,593,097
Total Deferred corporate tax assets	77,454,175				92,970,481
Non-recognized deferred corporate tax assets	77,454,175				92,970,481
Net deferred corporate assets	-				-

(4) The details of temporary differences which are not recognized as deferred corporate tax asset as of the end of the report period are as follows:

(Unit: 1,000 won)

	Current term	Previous term
Temporary difference (*1)	73,568,991	120,552,962
Tax deficit (*2)	274,537,570	302,040,135
Total	348,106,561	422,593,097

(*1) Total of expected taxation profit to be accrued after following term and temporary differences to be added are less than temporary differences to be deducted and the Company does not recognize the effect of corporate tax savings as deferred corporate tax asset.

(*2) Maturity amount of tax accounting deficits by fiscal years which is not recognized as deferred corporate tax asset at the end of current term is as follows:

(Unit: 1,000 won)

Fiscal Year	Amount
2022.3.31	7,151,771
2026.3.31	78,172,366
2027.3.31	41,664,096
2028.3.31	29,214,646
2029.3.31	23,098,702
2030.3.31	66,362,930
2036.3.31	28,873,059
Total	274,537,570

14. Profit & Loss per share

The details of calculation of basic net profit (loss) per share of the Company is as follows:

(Unit: won, share)

	Current term	Previous term

Net profit (loss) per common share	13,910,000,986	(73,518,071,299)
Number of weighted average outstanding common share	29,715,440	29,715,440
Basic net profit (loss) per share	468	(2,474)

15. Cash Flow Statement

The company prepared the statement of cash flow from business activities as described in the statement of Cash Flow in indirect method and the details of important transactions without inflow and outflow of cash are as follows:

(Unit: 1,000 won)

Description	Current term	Previous term
Substitution of machine of asset under construction	2,558,070	12,669
Substitution of equipment of asset under construction	321,709	-
Non-payment of acquisition price of tangible asset	1,208,596	1,890,277

16. Patent & Licensing Contract

The Company entered into a patent and licensing contract first dated 01/06/2003 with AvanStrate Inc. and amendment contract dated on 04/01/2014. Under such contract, the Company is to pay royalty, 0.1% of goods sales and 2% of product sales for the sales of goods and products using NA32SG component and the royalty accrued during current term is 180,650,000 won.

17. Matters for calculation of added value

Matters necessary for calculation of added value included in production cost, sales cost and management cost of the Company are as follows:

<Current term>

(Unit: 1,000 won)

Title	Manufacturing cost	Expense of Sales & Mgt	Total
Payroll	4,555,879	492,015	5,047,894
Severance Pay	316,288	47,030	363,318
Welfare Benefit	683,097	94,725	777,822
Rental fee	33,870	204,600	238,470
Depreciation cost	5,839,009	33,873	5,872,882
Taxes and dues	123,711	17,299	141,010
Total	11,551,854	889,542	12,441,396

<Previous Term>

(Unit: 1,000 won)

Title	Manufacturing cost	Expense of Sales & Mgt	Test & Research Expenses	Total
Payroll	4,192,887	533,095	399,883	5,125,865
Severance Payment	354,662	32,287	38,482	425,431
Welfare Benefit	664,152	121,846	60,295	846,293
Rental fee	84,330	95,103	8,976	188,409
Depreciation	6,683,240	62,665	86,418	6,832,323
Taxes and dues	98,343	25,552	35,698	159,593

Total	12,077,614	870,548	629,752	13,577,914
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18. Assumption of going Concern

(1) The financial statement of Company is prepared with an assumption that the Company will be a Continuing Company. Thus, the Company accounted with the assumption that its assets and liabilities will be collected and repaid in book value through the course of ordinary business activities. However, the following conditions raise a significant question on that assumption of Continuing Company.

1) Financial index of current term

(Unit: 1,000 won)

	Amount
Operating Loss	16,233,188
Interest Cost	5,506,786
Net profit of current term	13,910,001
Net Working Capital as of the end of current term	234,055,529
Amount of liabilities exceeding total assets as of the end of current term	300,785,131

2) Sales Structure

Customer	Current term	Previous term
Related parties	21.27%	99.93%
Others	78.73%	0.07%

3) Arrival of maturity of loan

As of the end of current term, the balance of borrowings is KRW 293.8 billion won, of which KRW 166 billion won owed to AvanStrate Inc., a controlling company of the Company, will be matured in the following term. The balance of such borrowings, KRW 127.8 billion won is also a loan owed to CAIRN INDIA HOLDINGS LIMITED, the top controlling company of the Company, and will be matured over 5 years from April 2022 to October 2027.

(2) The measures to be taken by the Company in terms of a Continuing Company are as follows.

1) The Company considers that the extension of maturity of loans is important factor for evaluating the ability to become a Continuing Company. Thus, the Company has a plan to improve financial balance through consultation with AvanStrate Inc., a controlling company of the Company, about the extension of maturity of loan and accrued charges and additional financial support.

2) The business strategy of production and sales for accomplishing stable sales profits is as follows:

① Sales strategy: the Company has a plan to increase the revenue through stable supply of products to new customers development, production and sales of new products.

② Management improvement strategy including savings of production cost and expenses: it is expected that the production costs and expenses will be saved as a result of continuous execution of management structure improvement after previous term.

(3) Under the situation that an issue on the appropriateness of assumption of Continuing Company, a presumption of preparation of financial statement of the Company is raised, there is an important uncertainty that such appropriateness is decided depending on the success or failure of funding plan for a fund necessary for repayment of liabilities (extension of maturity date) and additional fund demand and management improvement plan for accomplishing stable profit as a Continuing

Company. If any problem occurs in this plan and it is difficult for the Company to become a Continuing Company, the assets and liabilities of the Company may not be collected or repaid in book value through normal business activities. Any matter to be amended for the amount of assets and liabilities, the title of relevant profit and loss related to classification and indication, which may occur if the assumption of Continuing Company as a final result of such uncertainty is not reflected in this financial statement.

19. Matters agreed and contingent liabilities

During current term, the Company has a pending suit for prohibition of patent infringement in the Seoul Central District Court as a defendant and the result of this suit cannot be foreseen.

20. Uncertainty of the impact of COVID-19

Various prevention and controls, including restrictions on movement, has been implemented around the world to block the spread of the COVID-19 Pandemic, and as a result, the global economy has been widely affected. In addition, various forms of government support policies to cope with the COVID-19 Pandemic are being announced.

Items affected by the COVID-19 Pandemic are mainly the recoverability of account receivables. The Company has prepared these financial statements with a reasonable estimate of the impact of the COVID-19 Pandemic on the Company.

However, the spread or termination of the COVID-19 Pandemic in the future may affect our estimates and assumptions, but the impact cannot be reasonably estimated at this time.

21. Date of de facto confirmation of financial statements and approval body

The Company's financial statement will be finally approved at the ordinary general meeting of shareholders to be held on 06/25/2021.

Description of Implementation of External Audit

We hereby attach the description of implementation of external audit in accordance with Article 18(3) of the Act on External Audit of Corporation:

1. Business subject to audit

Name of company	AvanStrate Korea Inc.			
Business year subject to audit	From April 1, 2020	to	March 31, 2021	

2. Number of personnel engaged in and hours spent for audit

(Unit: person, hour)

Participants \ Number of personnel/hours		Quality control personnel (including		Accountant in charge of audit						Professionals for computing , tax and		Total	
				Responsible director (performing duties)		Registered CPA		Intern CPA					
		Current term	Preced ing term	Current term	Preceding term	Current term	Precedi ng term	Current term	Preced ing term	Current term	Preced ing term	Current term	Precedin g term
Number of personnel input			2		1		5		4				12
Hours spent	Quarterly and half- yearly review		-		-		-		-				-
Input hours	Auditing		11		26		256		256				549
Input hours	Total		11		26		256		256				549

3. Details of major audit carried out

	Description							
Overall audit planning (Stage of commencement of auditing)	Period of conduct	06/10/2020			1	Days		
	Major contents	Examination of audit risk and items to be audited in priority						
Major contents Of site auditing	Conduct period			Personnel input				Details of major auditing duties
				Full-time		Part-time		
	10/14/2021~10/16/2021	3	Days		Person	3	Person	Examine internal control and conduct interim audit
	02/15/2021~02/17/2021	3	Days		Person	3	Person	Examine inquiries and conduct analytic examination and audit for confidential evidence
	-	-	Days	-	Person	-	Person	-
Inventories due diligence (presence)	Due diligence (presence) period	01/05/2021			1	Days		
	Due diligence (presence) place	Main office						
	Due diligence (presence) subject	Raw materials						
Financial asset due diligence(presence)	Due diligence (presence) period	01/05/2021			-	Days		
	Due diligence (presence) place	Main office						
	Due diligence (presence) subject	Financial assets including cash						
External inquiries	Inquiry on financial transactions	O	Inquiries on claims and liabilities			O	Inquiries to lawyers	-
	Other inquiries							
Communications with corporate governance	Times of communications	3	Times					
	Conduct period	06/10/2020, 10/16/2020 and 02/17/2021						
Utilization of external expert	Description of audit utilization							
	Conduct period	-			-	Days		

4. Communication with auditor (auditor's commission)

	Date	Attendants	Method	Description of main discussion
1	03/24/2021	From Company- Auditor and 3 others , From Auditor firm- Director in charge and 2 others	Face to face meeting	Discuss about the result of interim audit
2	04/14/2021	From Company- Auditor and 3 others , From Auditor firm- Director in charge and 2 others	Face to face meeting	Report of the result of audit conducted